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Questions and Answers, No. 3

Request for Proposals (RFP) No. S00R7400001 Sub-Servicer for State-Funded Single Family, Multifamily, & Small Business Loans

September 12, 2016

The following Q&A is provided for informational purposes only. It is **not** an amendment to the RFP.

QUESTION: We are a state agency outside of MD and not currently licensed in MD as a mortgage company, but we would immediately start the process to apply and have no reason to think we are not approvable. Are we able to apply on the condition that we obtain approval prior to actually servicing a loan? **ANSWER:** There is no exemption that would apply to a state government (or quasi government) agency, and the application process for licensure in MD can typically take 30-40 calendar days. Because of the necessity for this contract to start on November 1, 2016, with regard to licensing requirements, it is in the best interest of the State to maintain the current licensing requirements in the RFP.

QUESTION: Section 1.4.3 of the RFP states that Go-Live date is anticipated to be on or around November 1, 2016. For on or around, what is that window of time? Is that date negotiable at all? **ANSWER:** This contract is anticipated to go before the Board of Public Works on October 19 and begin November 1. DHCD would like the servicing transfer for the multifamily, small business--small business and multifamily loans are not subject to CFPB--and deferred single family loans to be transferred in 60 days. The amortizing single family loans, which are the ones subject to CFPB and more of a concern may be transferred in 90 days from transfer, if there are compelling factors.

QUESTION: Regarding Section 2.1.1, is the minimum requirement that the applicant has experience subservicing for a state, county, or municipal entity, or specifically for a "housing finance agency"? If the requirement is to subservice for a public entity, are the portfolio minimums tied to a single public entity or do we just need to service a portfolio larger than 250/5,000 AND we have to have experience subservicing for a public entity? **ANSWER:** The minimum requirements have been revised under Amendment No. 2.

QUESTION: Regarding Section 2.1.2, CRF is a nonprofit charitable organization registered with the Maryland Secretary of State. Since the Maryland Mortgage Lender Law does not apply to us in the plain language of the Maryland Code, will our application be considered even if we don't meet the minimum requirement listed at Section 2.1.2 of the RFP? We can give you an NMLS number, but 'nmlsconsumeraccess.org' won't show a Maryland Mortgage Lender License on its website. **ANSWER:** The minimum requirements have been revised under Amendment No. 2.

QUESTION: Is there a difference being licensed as a mortgage lender as opposed to a mortgage servicer? **ANSWER:** The statute defines a "mortgage lender" to include a "mortgage servicer." The statute then defines what does not constitute a mortgage lender, as outlined below.

Section 11-501 of the Maryland Code, Annotated, provides that certain persons and entities are not subject to the subtitle, such as "a nonprofit charitable organization registered with the Maryland Secretary of State or a nonprofit religious organization." Therefore, it is possible that a business is not a "mortgage lender" by definition because they are listed in the exclusion below, or a business can have be listed in Section 11-502, and the statute says that it does not apply to them.

Mortgage lender

(j)(1) "Mortgage lender" means any person who:

- (i) Is a mortgage broker;
- (ii) Makes a mortgage loan to any person; or
- (iii) Is a mortgage servicer.



(2) “Mortgage lender” does not include:

- (i) A financial institution that accepts deposits and is regulated under Title 3, Title 4, Title 5, or Title 6 of this article;
- (ii) The Federal Home Loan Mortgage Corporation;
- (iii) The Federal National Mortgage Association;
- (iv) The Government National Mortgage Association;
- (v) Any person engaged exclusively in the acquisition of all or any portion of a mortgage loan under any federal, State, or local governmental program of mortgage loan purchases; or
- (vi) An affiliated insurance producer-mortgage loan originator licensed under § 11-603.1 of this subtitle.

Md. Code Ann., Fin. Inst. § 11-501 (West)

QUESTION: Regarding Section 3.3.3(g), does “State data under this service” include individual borrowers’ NPPI, and if “not processed,” would it preclude the remote viewing of this data offshore, assuming the data remains stored and secured within the United States? **ANSWER:** NPPI, or non-public personal information, is State data, and cannot be processed, transferred, or stored outside of the United States.

QUESTION: Regarding Section 3.3.3.2(c), will one disaster recovery test per year be sufficient for the contractor and subcontractor, as other applicable requirements do not specify two tests per year? **ANSWER:** The requirement is for two disaster recovery tests annually, but only one exercise requires media restore and failover operations.

QUESTION: Regarding Attachment A, would a modified contract based on an industry standard subservicing agreement be acceptable subject to mutual approval. **ANSWER:** Because Maryland law prevails, and Section 1.12 of RFP prohibits alternative proposals, Attachment A will be the base document for any contract resulting from this RFP; any alternative templates shall not be accepted. However, Section 1.24 allows an offeror to note any exceptions to the form contract, Attachment A. If an offeror does take exception, they are to note them as directed.